TURKEY MARKET RECAP

Express Markets, Inc. Analytics

By: Amanda Martin — Director of Poultry, amartin@expressmarketsinc.com December 6, 2022

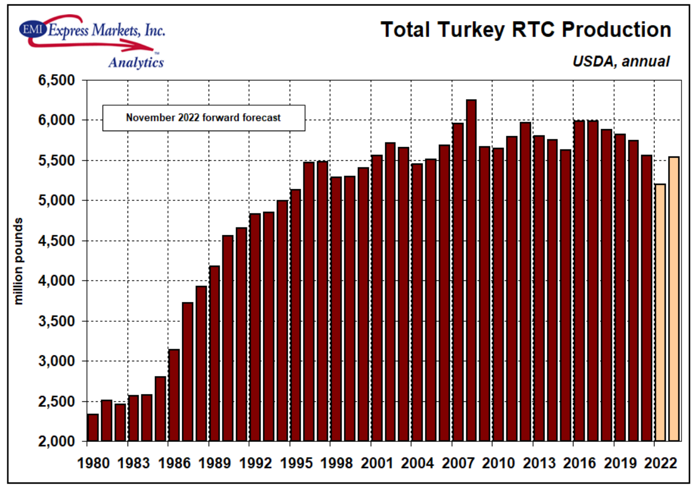
Supply and Demand Factors

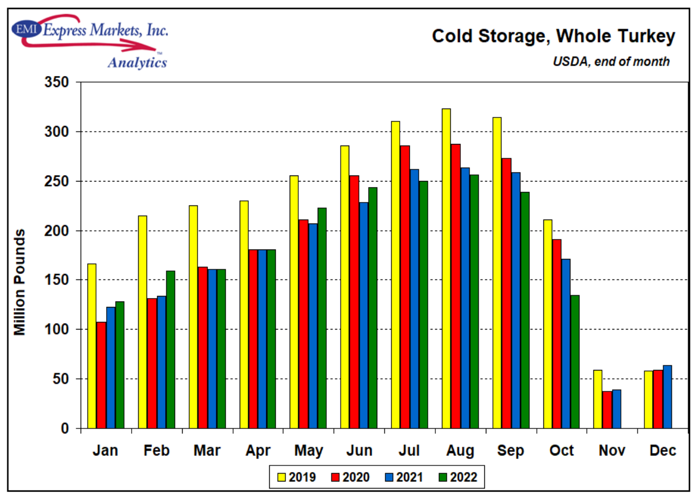
- **Weekly RTC Turkey Production for w/e November 26th, the week of Thanksgiving, declined 16.5% from year prior to 51.2 million pounds, with producers continuing to deal with HPAI depopulations across multiple states.** Total turkeys processed during the week declined 17.7% versus year ago to 1.9 million head. Liveweights for 11/26 increased 1.5% year over year to 32.7 pounds, the second week in a row of YOY increases, yet liveweights have declined an average of 2.6% over the past 15 weeks. YTD through October monthly, liveweights have been running at their lowest levels since 2018 and 3.2% below year ago, 1.1 pounds lighter than the same time period of 2021. Hen RTC production declined 14.8% during the shortened holiday week, yet has averaged a 0.6% decline YTD. Tom RTC production declined 16.3% for the week, while averaging a 5.0% decline YTD, as toms have been impacted the most by HPAI losses. Looking through the last quarter of 2022, HPAI infections have negated any plans for production increases this year, with over two weeks of slaughter lost to the viral infection through the end of November. After slowing during mid-summer, HPAI has shown up again in the industry with a vengeance, clouding the picture for the remainder of Q4 and into 2023 production. RTC weekly estimates look for a 4.5-5% production decline during the year. On a monthly basis with one additional processing day, 2022 RTC production is currently forecasted at 5.18 billion pounds, a 6.7% decline from 2021 levels and a 7.1% decline on a processing day basis. Much can, and likely will, change in the next few months with additional HPAI losses.

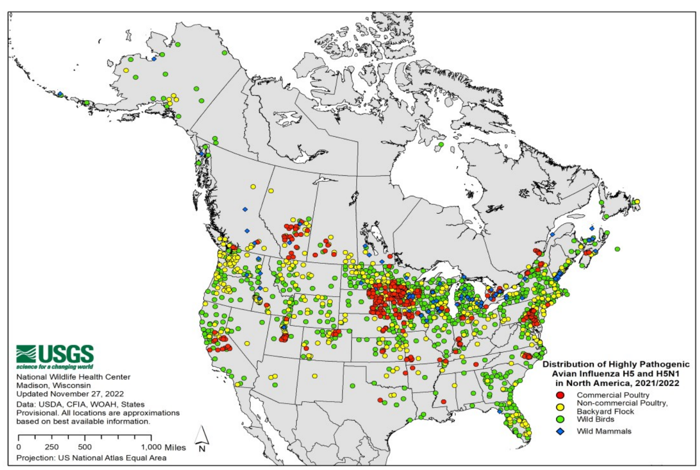
- **Poult Placements during October increased 3.4% from year ago, totaling 20.48 million placements, while Eggs in Incubators, FOM, for November increased 0.9%.** These placements will begin to impact slaughter during early Q1 2023. Even though placements are anticipated to see their first YOY increase since 2016, AI losses in both breeder flocks and production flocks will limit any production increases through the remainder of the year and into mid 2023. Placements during 2022 are currently estimated to increase approximately 2.2% during the year, with an additional 1-2% increase currently estimated to occur during 2023, yet this may be a moving target as some farmers have been hesitant to place toms or repopulate barns, in general, with losses continuing.

- **Total Cold Storage levels at the end of October totaled 265.9 million pounds, a 12% decline from year prior.** Part inventories increased 0.6% from year prior to total 131.7 million pounds. Turkey Breast inventories totaled 30.8 million pounds, a 7 million pound decrease from September and over 2 million pounds below year prior (-7%). Whole bird inventories declined 21.6% from October 2021. Whole Hens in inventory declined 4.5% year over year to total 65 million pounds, while Whole Toms declined 33% YOY to 69 million pounds as birds began being pulled out of storage for the Thanksgiving holiday.

- **US Avian Influenza Update— Since November 1st, 705K meat turkeys have been depopulated, in addition to 7,600 breeder turkey. YTD, 196 commercial turkey and breeder flocks have been depopulated across 14 states, totaling turkey losses of 8.4 million, surpassing losses of approximately 7 million turkeys during the 2014/2015 HPAI outbreak**. Minnesota remains the hardest hit, with losses totaling 3.5 million turkeys across over 20 counties. In the most recent months, South Dakota has seen the largest impacts, with losses totaling 600K turkeys since the beginning of October alone. In addition to the commercial turkey losses, the turkey breeder industry has been hit hard, with losses of 292,000 turkey breeders across 5 states. Meat production losses total 8.08 million birds. Earlier depopulation impacts were anticipated to be mostly felt during Q2 and Q3, while these most recent losses will impact production through the remainder of Q4 and into Q1 / early Q2 2023.







Turkey Market Trends

CURRENT MOVERS AND SHAKERS—

Whole Bird Market in a holding formation headed towards December holidays. HPAI remains top of mind for turkey producers and buyers, with many unknowns heading into 2023. Breast Meat holding strong, but will seasonal influences overpower tight supplies?

- **Whole Bird markets remained stout the week following Thanksgiving; Bone-In Breast availability loosens a bit following the holiday, with some spot availability showing up, softening markets last week.** Whole birds hens in cold storage declined below year prior levels during October, the first time that has occurred in many months. Retail ads around the holidays averaged close to 99 cents/pound, with many retailers even touching close to 50 cents/pound with additional purchases. One positive for the consumer who had been inundated with avian influenza news with many expecting the worst when going out to purchase for the big meal. Market remains tightest on larger toms and hens. With the major holiday in the rear view, seasonal factors at play for bone-in breasts, softening markets for the time being. With many unknowns remaining into 2023, purchasing for next year continues to create many headaches for both buyers and sellers. November cold storage numbers may give a slightly better picture in overall throughput in the next few weeks.

- **Drums and whole wings remain tight and demanded.** Smoking requirements continue on these items, leading to steady to slightly higher markets. Cut wings, necks, tails remain mixed, moving along at generally steady pricing awaiting additional insight.

- **Split markets on B/S Breast, as frozen availability leading to some softness, while fresh product remains mostly steady.** Offerings remain light to very light into further processors looking for additional product. Demand still remaining unfilled for many buyers looking for product that wasn't already under contract. Some deli suppliers may look to alternatives at current supply and pricing levels for deli meat, as pricing and availability is causing some consumers to take a second look at other products in deli turkey's place.

- **Thigh Meat markets remain steady, with domestic demand perking up, after softening a bit last month. Concerns remain regarding export movement and an increasing US Dollar, especially with HPAI restrictions continuing to be a concern into 2023.**

- **MST markets remain mostly steady.** Seasonal undertones at play, but tight availability keeping markets generally steady.

Whole Turkeys / Breasts	Current Week Ended 12/2/2022	Prior Week Ended 11/25/2022	Change	Prior Year W/E 12/3/2021	Change
USDA Frozen Hens, 8-16 lb. (FOB)	174.0	181.0	-7.0	124.2	49.9
USDA Frozen Toms, 16-24 lb. (FOB)	181.0	176.0	5.0	124.1	56.9
USDA Fresh Breasts, 4-8 lb., Grade A	258.7	260.0	-1.3	208.0	

Breast Meat/Tenders	Current Week Ended 12/2/2022	Prior Week Ended 11/25/2022	Change	Prior Year W/E 12/3/2021	Change
USDA B/S Breast, Frozen	N/A	N/A		373.0	
USDA B/S Breast, Fresh	670.0	670.0	0.0	373.0	297.0
USDA Destrapped Tenders, Fresh	570.0	570.0	0.0	318.0	252.0
USDA Scapula Meat, Frozen	N/A	N/A		225.0	

Dark Meat	Current Week Ended 12/2/2022	Prior Week Ended 11/25/2022	Change	Prior Year W/E 12/3/2021	Change
USDA Thigh Meat, Fresh	201.6	201.0	0.6	202.2	-0.6
USDA Thigh Meat, Frozen	190.0	N/A		200.0	-10.0
USDA Tom Drums, Fresh	109.8	109.6	0.2	115.0	-5.3
USDA Tom Drums, Frozen	119.6	114.9	4.7	119.0	0.6

Wings	Current Week Ended 12/2/2022	Prior Week Ended 11/25/2022	Change	Prior Year W/E 12/3/2021	Change
USDA Tom Full-Cut Wings, Frozen	141.1	141.6	-0.5	96.9	44.2
USDA Hen Full-Cut Wings, Frozen	N/A	127.0		96.0	
USDA Tom V-Type Wings, Frozen	N/A	120.5		125.9	
USDA Hen V-Type Wings, Frozen	N/A	N/A		N/A	

MST / Necks	Current Week Ended 12/2/2022	Prior Week Ended 11/25/2022	Change	Prior Year W/E 12/3/2021	Change
USDA MST, Fresh	83.8	83.0	0.8	50.0	33.8
USDA MST, Frozen	N/A	74.0		45.0	
USDA Necks, Tom, Frozen	71.8	74.3	-2.5	97.5	-25.8
USDA Necks, Hen, Frozen	N/A	N/A		N/A